

Message Text

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PAGE 01 MEXICO 00623 180103Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----180156Z 072540 /72-62

R 180040Z JAN 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 9739

C O N F I D E N T I A L MEXICO 623

EXDIS

FOR THE SECRETARY

S/CL

EO 11652 : GDS
TAGS : PFOR, MX, EGEN
SUBJ : CONVERSTATION WITH PRESIDENT LOPEZ PORTILLO

1. I HAD A CORDIAL VISIT OF AN HOUR WITH PRESIDENT LOPEZ PORTILLO PRIOR TO ACCOMPANYING MRS. LOPEZ PORTILLO TO WASHINGTON. THE PRESIDENT, WHO WAS CALM AND COMPOSED, MADE FOLLOWING POINTS: (A) HE WAS SENDING HIS THREE CHILDREN TO ACCOMPANY HIS WIFE AS HE SENSED THAT THE CARTERS TOO WERE A UNITED FAMILY AND HENCE WOULD ENJOY RECEIVING A MEXICAN FAMILY VISIT; (B) HE WAS ALREADY THINKING OF HIS OWN VISIT TO WASHINGTON LOOKING FORWARD TO THE OPPORTUNITY TO DISCUSS MUTUAL INTERESTS AS WELL AS MUTUAL PROBLEMS WITH PRESIDENT CARTER AND HIS NEW CABINET MEMBERS. THE MATTERS HE ENVISIONED DISCUSSING WOULD BE SIMILAR TO THOSE COVERED WHEN HE TRAVELED TO WASHINGTON AS PRESIDENT-ELECT LAST SEPTEMBER. HE WAS PARTICULARLY CONCERNED OVER TRADE IMBALANCE CITING THE RECENT U.S. RESTRICTION OF MEXICAN IMPORTED SHOES AS AN EXAMPLE. MEXICO'S FINANCIAL PROBLEMS WERE ENORMOUS, BUT THEY COULD BE OVERCOME WITH SOME LEEWAY ON TRADE MATTERS.
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HE SPECIFICALLY EXPRESSED APPRECIATION FOR THE UNDERSTANDING RECEIVED FROM TREASURY, THE FEDERAL RESERVE AS WELL AS THE IMF. REGARDING HIS AGREEMENT WITH THE IMF, HE SAID HE HOPED TO LIVE UP TO IT WITH THE PROVISIO THAT THERE WOULD BE SOME FLEXIBILITY AND THAT HIS POINT OF VIEW BE TAKEN INTO ACCOUNT DURING THE PRESENT DELICATE PERIOD.

2. THE PRESIDENT SHOWED OPTIMISM AND CONFIDENCE REGARDING MEXICO'S INTERNAL PROBLEMS. DESPITE HIS FEARS, SHARED BY MANY OTHERS, FOR THE MONTH OF JANUARY, WE WERE NOW HALF WAY THROUGH IT, THE COUNTRY WAS TRANQUIL, AND THE WAGE INCREASES HAD BEEN LIMITED TO NINE PERCENT. IN HIS MIND, THE INDUSTRIAL SECTOR NOW HAD A DEBT TO LABOR AS WELL AS TO GOVERNMENT IN VIEW OF THE FACT THAT INCREASES AS HIGH AS 20 TO 40 PERCENT HAD BEEN FEARED.

3. HE SUGGESTED THAT I CALL ON HIM AGAIN ON MY RETURN FROM WASHINGTON IN ORDER THAT WE COULD BEGIN EXCHANGING VIEWS AS TO THE PROGRAM FOR HIS VISIT AS WELL AS FOR THE AGENDA TO BE DISCUSSED. HE PARTICULARLY WAS INTERESTED IN HEARING THE ITEMS WHICH PRESIDENT CARTER, FOR HIS PART, WILL WISH TO COVER IN THEIR CONVERSATIONS.

4. COMMENT: OUR CONVERSATION WAS VERY RELAXED AND COVERED A VARIETY OF ADDITIONAL MATTERS OF VARYING IMPORTANCE WHICH WILL BE REPORTED AS APPROPRIATE. THE DIFFERENCE BETWEEN ECHEVERRIA AND LOPEZ PORTILLO WAS A NIGHT WITH DAY. THE CONVERSATION WAS LOW-KEY AND HE STRESSED THE NEED FOR FRIENDSHIP AND UNDERSTANDING WITH U.S. THE PRESIDENT EMPHASIZED THAT HE FOLLOWS RATIONAL WORK PROGRAM AND, UNLIKE ECHEVERRIA, HAS DELEGATED CONSIDERABLE RESPONSIBILITY TO HIS CABINET MEMBERS. HE EXPRESSED THE PRIVATE
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OPINION THAT ECHEVERRIA HAD SO OVERWORKED HIMSELF AND "OVER-ENERGIZED" HIS COLLABORATORS THAT TOWARD THE END HE WAS NOT FULLY FIT TO MAKE THE MOST IMPORTANT DECISIONS SUCH AS THOSE CONCERNING DEVALUATION.
JOVA

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO00623
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770017-0819
Format: TEL
From: MEXICO
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770142/aaaabkjs.tel
Line Count: 102
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9f7947d5-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3573167
Secure: OPEN
Status: NATIVE
Subject: CONVERSTATION WITH PRESIDENT LOPEZ PORTILLO
TAGS: PFOR, EGEN, MX, (LOPEZ PORTILLO), (JOVA)
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/9f7947d5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009